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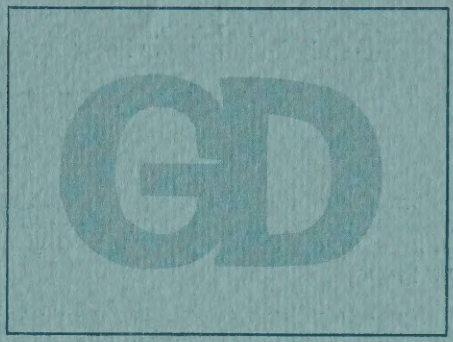
GENERAL DISTRIBUTORS OF CANADA LTD.

Statement of Source and Use of Funds
For the six months ended July 31, 1970

	1970	1969
Source of Funds:		
Net earnings for the period	$ 876,771	$ 740,248
Add:		
Charges not requiring cash outlay—depreciation of fixed assets and amortization of leasehold improvements	667,299	593,275
Deferred income taxes	6,000	6,000
Interim financing — subsidiary head office	607,697	
Proceeds from issue of shares under option agreement	14,690	41,509
	$2,172,457	$1,381,032
Use of Funds:		
Investments and advances —net	11,732	94,246
Investment in unconsolidated subsidiary	418,105	
Additions to fixed assets —net	633,149	658,483
Shares of subsidiary company acquired for cash	103,581	191,458
Payment of long-term debt	46,334	134,708
Preferred dividends of subsidiary company	173,407	180,879
Redemption of preferred shares of subsidiary company	115,900	81,000
	$1,502,208	$1,340,774
Increase in working capital	670,249	40,258
Working Capital—Jan. 31st	7,086,769	5,996,621
Working Capital—July 31st	7,757,018	6,036,879

GENERAL DISTRIBUTORS OF CANADA LTD.
Head Office: 791 Notre Dame Ave., Winnipeg 3, Man.



GENERAL DISTRIBUTORS OF CANADA LTD
791 Notre Dame Ave. Winnipeg 3, Canad

Interim Report to Shareholders

6 MONTHS ENDED JULY 31, 1970

September 4, 1970

REPORT TO

General Distributors of Canada Ltd. Shareholders

OF THE FIRST SIX MONTHS' ACTIVITIES (February 1st to July 31st, 1970)

Consolidated sales of the company's subsidiaries for the first half of 1970 were $38,099,602, an increase of 9.8% over the 1969 first half sales of $34,696,742.

Net income from operations for the six months ended July 31, 1970, was $504,778 compared with $412,897 in the same period of 1969, an increase of 22.25%. Total net income including an extraordinary gain of $75,006 was $579,784. Based on 3,033,660 common shares outstanding, first half earnings per share on operations were 16.6 cents, as compared to 13.6 cents for the same period in 1969.

In the period reported on, General Distributors Limited acquired an additional 5,375 shares of Metropolitan Stores of Canada Limited on the open market. This increases the parent company's percentage of ownership of Metropolitan to 52% of the 852,921 outstanding common shares.

Metropolitan Stores of Canada Limited showed an increase in consolidated sales of 10% for the first six months of 1970, with a concurrent increase in profits to $413,553 as compared with $298,409 for the same period in 1969. While the major portion of Metropolitan's sales and earnings traditionally accrue in the last half of the fiscal year, management is gratified by the improved results which the Metropolitan-Saan-Greenberg chain have experienced in the first half of 1970.

Sales of Sony consumer products continue to expand in the Canadian market. Cassette tape recorders, cassette tape and hi-fi components lead the growth picture in consumer sales.

In summary, management continues to be encouraged by the noticeable improvement in sales and earnings which the company and its subsidiaries enjoyed in the first half and remains reasonably optimistic that the present trend in sales and earnings will continue through the final half of the fiscal year.

CONSOLIDATED FINANCIAL SUMMARY

GENERAL DISTRIBUTORS OF CANADA LTD.

STATEMENT OF EARNINGS

For the six months ended July 31, 1970

(compared with the first 6 months of the previous year)

	July 31, 1970	July 31, 1969
SALES	$38,099,602	$34,696,742
EARNINGS BEFORE TAXES	1,822,785	1,503,522
PROVISION FOR INCOME TAXES	946,014	763,274
MINORITY INTEREST	371,993	327,351
NET EARNINGS FROM OPERATIONS	504,778	412,897
EXTRAORDINARY INCOME	75,006	53,606
NET EARNINGS FOR SIX MONTHS	579,784	466,503

	July 31, 1970	July 31, 1969
Earnings per share (before extraordinary income)	16.6c	13.6c
Earnings per share (including extraordinary income)	19.1c	15.3c

NOTES:

(1) The above figures are unaudited.

(2) The consolidated financial summary for the first half of 1970 does not include the results of Consolidated Supply Company Limited which was acquired by Cam-Gard Supply Ltd. under agreement dated May 12th, 1970.

ALBERT D. COHEN,
President